



Directorate of
Intelligence

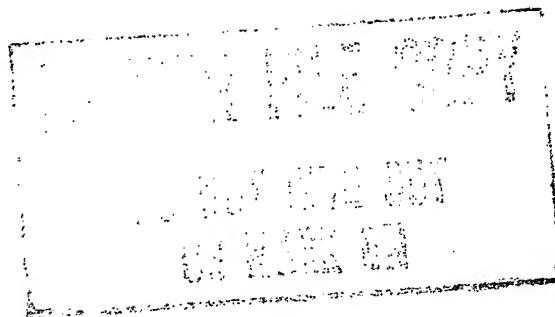
Secret

25X1

Australia: Fallout From Nuclear Issues

An Intelligence Assessment

25X1



Secret

EA 83-10199
October 1983

Copy 284

Page Denied



Directorate of
Intelligence

Secret

25X1

Australia: Fallout From Nuclear Issues

25X1

An Intelligence Assessment

This paper was prepared by [redacted]
[redacted] of the Office of East Asian Analysis.
Comments and queries are welcome and may be
directed to the Chief, Southeast Asia Division, OEA,
[redacted]

25X1
25X1

25X1

Secret

EA 83-10199
October 1983

Secret

25X1

**Australia:
Fallout From
Nuclear Issues**

25X1

Key Judgments

*Information available
as of 14 September 1983
was used in this report.*

Prime Minister Hawke's handling of nuclear issues is creating domestic and foreign policy problems that promise to complicate his conduct of government business at least over the next year.

Hawke's advocacy of a nuclear-free zone in the South Pacific will muddle relations with Australia's ANZUS partners, the United States and New Zealand, which see the proposal as unnecessarily aggravating regional nuclear fears that are as deep seated as they are overblown. The proposal has already revived the reservations of South Pacific islanders over the unrestricted passage of nuclear-powered or nuclear-armed warships and aircraft, a major US concern.

Hawke's domestic problems over nuclear issues go deeper and—because of widespread antinuclear sentiment—threaten to be more enduring. His proposal of a nuclear-free zone set off leftwing criticism in his own Labor Party of the "hypocrisy" of pushing the zone while ignoring party strictures against mining and exporting uranium from the largest reserves in the non-Communist world. As the government moves ahead in devising a uranium policy, the issue will force Hawke to balance the emotional arguments against exporting uranium with the practical considerations of creating jobs, earning foreign exchange, and forgoing investments totaling nearly \$1 billion. Hawke's announcement, expected by the end of October, in favor of uranium mining—made without benefit of party review—is, in our judgment, certain to set off an extended domestic row.

25X1

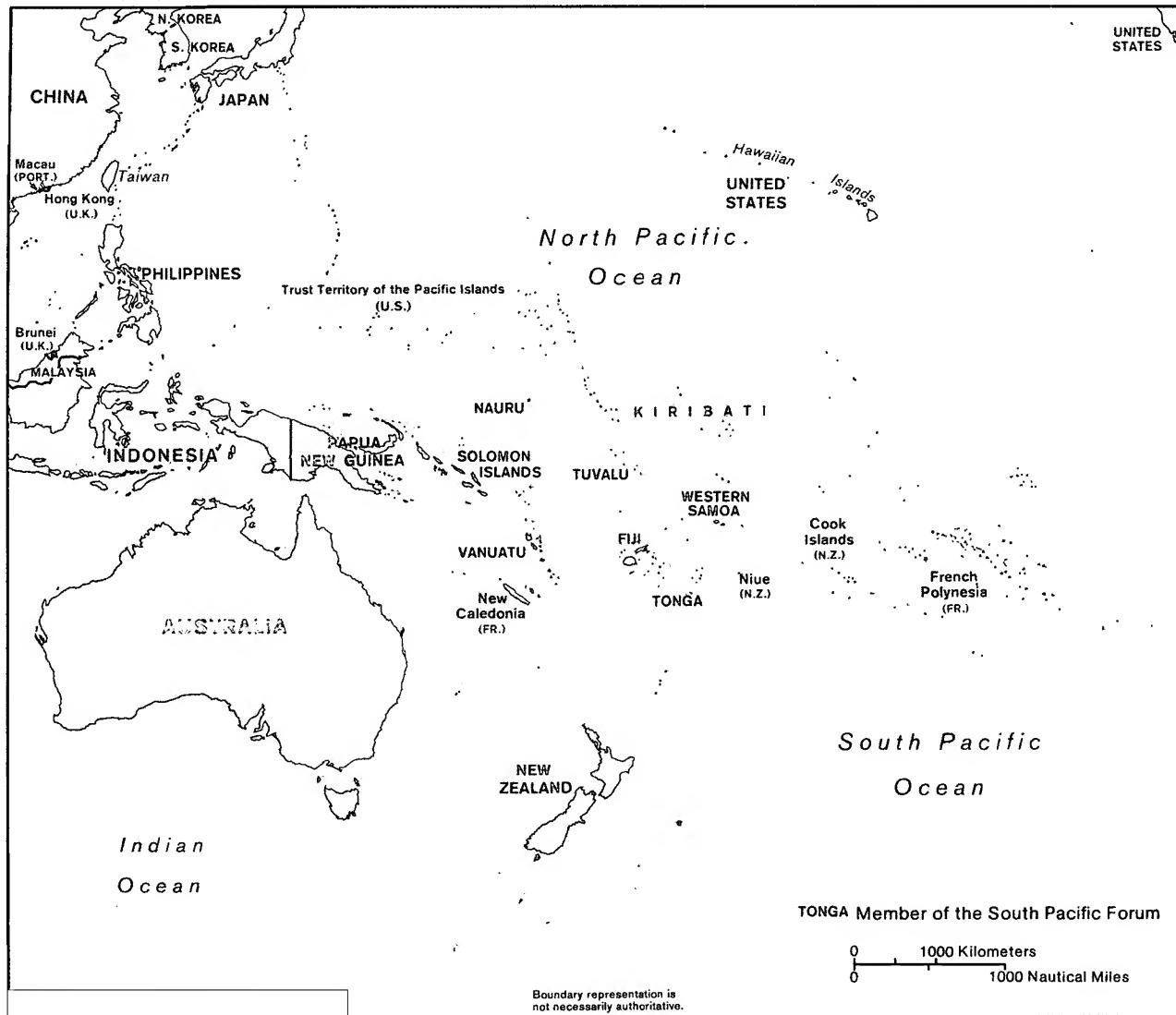
Secret

EA 83-10199
October 1983

Secret

25X1

Figure 1
South Pacific Forum Members



700273 (A02323) 10-83

25X1

Secret

iv

Secret

25X1

Australia: Fallout From Nuclear Issues

25X1

Seizing the Initiative

A major element of the Hawke government's foreign policy is the proposal for a South Pacific nuclear-free zone. The proposal was presented to the annual meeting of South Pacific Forum heads of government that Australia hosted in late August.¹ Canberra's stated intention was to get Forum members to agree to a proposal that caters to their antinuclear sentiments yet satisfies the strategic interests of Australia's ANZUS partners. According to the US Embassy, Canberra sought to preempt other Forum members—like politically erratic Vanuatu—from presenting a radical formulation that would cause difficulties for the other members and for the ANZUS allies.

The concern underlying the Australian proposal is opposition to nuclear testing and the storage and disposal of nuclear material in the Pacific. The proposal, however, specifically upholds the principle of freedom of navigation and overflight in a provision designed to safeguard the free passage of nuclear-powered or nuclear-armed US Navy ships and of military aircraft. The proposal is a follow-on to an idea Deputy Prime Minister Bowen floated last year when he was shadow foreign minister and Labor was not yet in office. The Labor government, anxious to be seen in the forefront on arms control and disarmament, considers a South Pacific nuclear-free zone as a way to embellish its domestic and international credentials. The government took another step in this direction recently by naming an Ambassador for Disarmament, whose job the government apparently envisions as primarily titular.

The Regional Mood

Canberra believed its proposal would be well received in the South Pacific, where antinuclear sentiment is strong and longstanding. First stimulated by the US

nuclear testing program in Micronesia from 1946 to 1962, antinuclear sentiment has been perpetuated by the French testing program in French Polynesia, which began in 1966 and continues, although testing has been conducted underground since 1976.²

25X1

In recent years there has been a tendency in the South Pacific to condemn all nuclear activity and not to distinguish between weapons testing and other aspects, such as increased use of nuclear-powered vessels and disposal of nuclear waste. Antinuclear sentiment reached a zenith last year when Fiji and Vanuatu banned US naval vessels from their ports, after both publicly rejected the US policy to neither confirm nor deny the presence of nuclear weapons on US ships.

25X1

25X1

Although blanket condemnation of nuclear activity has eased some over the past year in favor of concentration against the French nuclear testing program, enough antinuclear sentiment persists to have led the Fiji Government to agonize at length before lifting its ban on nuclear-powered ships last July. While the ban was under cabinet consideration, Fiji declined to allow a proposed visit of a nuclear-powered US Navy ship, even though the cabinet had agreed in principle to lift the ban, according to the US Embassy.

25X1

The 1983 Forum Meeting

At the Forum meeting on 29-30 August, the island countries accepted the Australian nuclear-free zone proposal only in part. They agreed with the concept of a nuclear-free zone but balked at the free transit of nuclear ships and military aircraft as inconsistent with the concept. In a move adverse to US interests,

25X1

25X1

¹ The 13-member South Pacific Forum comprises the nine independent South Pacific island nations—Papua New Guinea, Fiji, Solomon Islands, Western Samoa, Vanuatu, Tonga, Kiribati, Tuvalu, and Nauru—plus the New Zealand dependencies of Niue and the Cook Islands. Australia and New Zealand participate because of their proximity and longstanding ties to the South Pacific and because the islanders look to them as continuing sources of economic aid.

25X1

Secret

the islanders specifically reserved for themselves the "sovereign right" to decide the question of access to their ports and airfields by the vessels and aircraft of other countries. [redacted]

According to State Department reporting, the Australian initiative revived the idea of port bans that had been laid to rest when Fiji lifted its restrictions on nuclear vessels. Australia's draft had sidestepped the issue, an omission its ANZUS partners saw as a major flaw. The Australians, according to the US Embassy, wanted to avoid any implication of infringement on the sovereignty of the proud young island nations. Failure to address the port access issue, however, in our judgment, encouraged the islanders to believe they could benefit from the ANZUS security guarantee even while placing restraints on the armed forces of the protecting powers, namely the United States. The islanders' attachment to the port access issue takes on added seriousness in light of growing opposition in Australia to port calls by US Navy ships and the ambiguous statements of some Labor government officials, despite the government's official sanction for the visits. [redacted]

Despite its failure to secure a Forum consensus in favor of the nuclear-free zone proposal, the Hawke government has served notice it plans to try to come up with a formulation acceptable to the islanders at the Forum meeting next year. In our judgment, this persistence will give unnecessary attention to the issues of free navigation and port access. [redacted]

According to State Department reporting, continued attention to a nuclear-free zone may formalize and institutionalize regional antinuclear sentiment among the South Pacific island nations even more than it is now. Although the Forum agreed in principle to the concept of a South Pacific nuclear-free zone at its annual meeting in 1976, it has not pushed the idea since and was content to limit protests to special nuclear activities seen as threatening. [redacted]

We believe the timing of Australia's proposal was inopportune, coming just when France was making an effort to allay regional concerns over its testing program. French presidential emissary Regis Debray recently toured South Pacific nations to explain the program to local governments and invite them to send

observers to the test site on Mururoa Atoll. The islanders turned aside the French invitation, and Australia made its acceptance conditional on an endorsement from the Forum meeting which, as most observers expected, the islanders did not grant. [redacted]

25X1
25X1

Nonetheless, Australia and Papua New Guinea later decided to join the New Zealanders in accepting the French invitation. According to the US Embassy, the government in New Zealand, although continuing to join in regional protests against the tests, privately believes they are safe and that confrontation with France will only harden French resolve to continue the testing program. [redacted]

25X1

Reaction From New Zealand

The Muldoon government was unenthusiastic over the Australian proposal from the start because it saw it as going "too far too fast" in solidifying regional antinuclear sentiment. The New Zealanders, according to the US Embassy, believe that a zone without enforcement capabilities is meaningless and that there is no leverage to use to force the French to cease nuclear testing. Enforcement, argue the New Zealanders, would require accession of the major powers, and the Soviet Union might be tempted to give its assent only to gain an entry to the South Pacific so far denied to it, one that could open the way for it to work on the islanders to impose restrictions on US military activities in the area. [redacted]

25X1

According to State Department reporting, Wellington made its reservations known to Canberra and probably aired them informally at the Forum meeting. According to press accounts, Australian persistence in pressing the issue caused an unprecedented level of contentiousness in an organization that sets great store on consensus and is uncomfortable with controversy. In a thinly disguised jab at the Australians, Muldoon remarked after the Forum meeting that it had become more difficult to follow the tradition of reaching consensus on issues. [redacted]

25X1

25X1

25X1

25X1

25X1

Secret

Secret

Prime Minister Muldoon

A forceful leader who has led his National Party to three consecutive electoral victories, Muldoon displays a dynamism and aggressiveness uncharacteristic of low-keyed New Zealanders. His government, trying to deal with New Zealand's serious economic problems, faces a major challenge in national elections in late 1984.

Although a strong supporter of ANZUS and second to none in his admiration for the United States, Muldoon—who is outspoken to a fault—is quick to criticize US policies he sees as not in accord with the close bilateral relationship.

Muldoon shares his countrymen's occasional irritation with the sometimes overbearing manner of their Australian neighbors. He and former Australian Prime Minister Fraser did not get along, but Muldoon appears to have considerable respect for Prime Minister Hawke.

Wellington is concerned that its negative view of a nuclear-free zone will damage New Zealand's traditionally easy relationship with its island neighbors.

More than that, Hawke's revival of the nuclear issue creates unwanted domestic political problems for Muldoon, who faces a tough fight for reelection late next year. The nuclear question is a volatile one in New Zealand, and antinuclear sentiment is widespread and spans the political spectrum. Muldoon scoffed at the attempts of the Labor government that preceded his to create a South Pacific nuclear-free zone that would have included restrictions on nuclear-powered vessels and, therefore, feels he cannot logically support even the more moderate Australian proposal, according to the US Embassy.

Muldoon underscores his staunch support for the ANZUS alliance by permitting visits of US nuclear-powered warships to New Zealand ports, something the former Labor government did not permit. In view of strong local fears of nuclear contamination, however, he carefully spaces such port calls. The visit in



25X1

25X1

25X1

25X1

25X1

25X1

August of the USS Texas, the first by a nuclear-powered US warship in 15 months, set off disruptive protests. In feeling forced to speak out against a South Pacific nuclear-free zone just after weathering these protests, Muldoon, in our judgment, probably believed Hawke gratuitously gave him added political burdens.

Domestic Backlash on Hawke

Besides creating problems for his New Zealand counterpart, Hawke's nuclear zone proposal has also brought him difficulties with his own Labor Party. According to the Embassy and press reports, party leftists, along with members of the small third party that holds the balance of power in the Australian Senate, have decried the "mind-bending hypocrisy" of Hawke's advocating a nuclear-free zone while disregarding party policy against mining and exporting Australian uranium. There is a strong domestic opinion that international sales of Australian uranium could contribute to nuclear proliferation, despite stringent end-use controls. For his part, Hawke has been

25X1

Secret

on public record for several years that he believes Australia's vast uranium deposits should be exploited for economic benefits. (See Appendix.) He has charged his critics in the party with blindly adhering to dogma to the detriment of economic benefit to Australia. [redacted]

The uranium issue flared anew last June with revelations that the government had given permission for new contract negotiations with several US electric power utilities, a step clearly at variance with the 1982 Labor Party resolution permitting only the honoring of existing contracts before phasing out uranium production. Continuing sales to France despite the French nuclear testing in the Pacific has also raised the hackles of antiuranium groups. Hawke initially refused to link sales and French testing, despite arguments that uranium sold to France "comes back in the form of nuclear tests in our backyard." At one point, his critics talked of a vote of censure in party councils, but Hawke's decision in late June to suspend shipments to France until October 1984 appeased them temporarily. Opponents of uranium are still exercised over plans to develop a huge deposit of copper, uranium, and gold at Roxby Downs in South Australia. [redacted]

The uranium issue is the main division between Hawke and party critics, according to the Embassy, and there is little doubt that the Hawke government has acted in clear violation of existing Labor Party uranium policy. The government's proposed uranium mining and export policy is under cabinet study and promises to be Hawke's most nagging domestic problem, one he unintentionally compounded by taking up the cudgels for a South Pacific nuclear-free zone. According to press reports, critics vow to make a "hell of a row" over uranium in the current session of Parliament. Opposition to changes in the restrictive uranium export policy is not limited to the Labor Party left wing but includes many moderates both within and outside the party as well, according to the Embassy. As the domestic debate heats up, some customers, such as West Germany and Japan, have

become uncertain about Australia's reliability as a supplier. According to State Department reporting, the French, however, are not unduly concerned about the cutoff of shipments, saying they will obtain uranium from other exporters. [redacted]

25X1
25X1

A Continuing Headache

The nuclear-free zone proposal will probably be a much less enduring domestic political problem for Hawke than the uranium issue. The proposal sits well with the party left wing, which seized on it only as a handy club to attack Hawke on uranium. We believe it will be accepted as party policy because it meshes with the Labor government's commitment to arms control and disarmament. On the other hand, Canberra's compulsion to push a South Pacific nuclear-free zone seems certain to introduce a discordant note in ANZUS.³ [redacted]

25X1

The uranium issue promises to be intractable. The dispute shows all signs of being protracted, and we believe there is no easy out for Hawke. The government's uranium policy review is near completion, and, according to the Embassy, Hawke will probably announce his choice of options by the end of October. According to Embassy reporting, his recent statements in Parliament strongly suggest that he will choose in favor of uranium mining, including Roxby Downs. If this turns out to be the case, it is certain to set off an acrimonious party debate because, among other things, the policy would sidestep a party review. [redacted]

25X1
25X1

25X1

Hawke has public opinion on his side. A recent poll showed that fully two-thirds of Australians, including 57 percent of the Labor Party rank and file, favor the development and export of Australian uranium. Any decision to maintain the party position of phasing out the industry, in our judgment, would almost certainly bring protests over the loss of jobs and export sales.

³ Although Hawke has consistently reaffirmed his support for ANZUS, both during the recent election campaign and since assuming office, he has expressed vague ideas about whether updating the 32-year-old alliance is in order. [redacted]

25X1
25X1

Secret

Secret

Australian cartoonist depicts
French lack of concern over
Hawke's suspension of uranium
shipments



25X1

"Keep zem. I go zomewhere elze."

Nonetheless, considering the vehemence of minority opposition to uranium production, a government decision that falls short of shutting down the industry seems certain to ensure prolonged and high-pitched attacks by the diehard opposition.

In any event, we believe Hawke wants to have the uranium issue behind him before the next policy-setting biennial party conference in July 1984, near the midpoint of his three-year term. This now seems

unrealistic, especially with the intensity of opposition views. In our judgment the uranium issue will continue to bedevil Hawke for the rest of his term and complicate his efforts to contain party infighting and to lay the groundwork for the next federal election campaign in early 1986.

25X1
25X1

Secret

Secret

Figure 2
Uranium Mines



25X1

Secret

Secret

Appendix

Uranium in Australia

Australia: Operating and Planned Uranium Mines

Mine	Location (State)	Recoverable Reserves (tons)	Projected Annual Production (tons)
Operating			
Ranger	Northern Territory	NA	3,100 ^a
Nabarlek	Northern Territory	NA	1,300 ^a
Planned			
Jabiluka	Northern Territory	200,000	3,000
Koongarra	Northern Territory	11,000	900
Yeelirrie	Western Australia	NA	2,200
Roxby Downs	South Australia	NA	3,000
Ben Lomond	Queensland	4,000	NA
Lake Way	Western Australia	4,000	500

^a 1982 production.

25X1

Australia has the largest recoverable uranium reserves in the non-Communist world: 314,000 tons. The future of uranium remains bright at a time when Australia's other mineral commodities face lower production rates and depressed earnings. When the large Ranger mine in the Northern Territory came into full production last year to join the Nabarlek mine, total Australian output rose 50 percent to 5,300 tons annually.

Australia lacks a domestic market for the uranium—it has no plans for nuclear power generation—and thus nearly all production is exported. Export earnings increased sharply last year, tripling to US \$420 million. Uranium has become Australia's fourth-largest mineral export earner, behind coal, alumina, and iron ore.

Although the government of former Prime Minister Fraser strongly endorsed the development of the uranium industry, it was constrained by widespread Australian reservations over contributing to nuclear

proliferation. As such, his government was forced to move slowly and approved development of new uranium mines in 1977 only after a stringent 10-point policy on nuclear safeguards with foreign buyers had been developed.

25X1

The Labor government's policy of not permitting new uranium export contract discussions until a uranium policy is established has effectively brought development to a temporary halt. Thus, six uranium mining projects now await development—including the huge Roxby Downs mine—which could triple Australia's production capacity. In addition, the South Australian Labor government—with Canberra's approval—recently canceled two small uranium projects. According to the US Embassy, however, both were of doubtful economic viability and were to use a new, environmentally controversial extraction process.

25X1

25X1

25X1

Secret

In our judgment, the six projects waiting approval would provide a badly needed boost to the depressed Australian economy, including massive investments totaling about US \$900 million and in time creating hundreds of millions of dollars in export earnings. Although the highly mechanized uranium industry would not provide many jobs directly, some additional employment would be created as an offshoot. At the new uranium mining town of Jabiru, for example, some US \$90 million has already been spent on housing and community facilities—all of which provide numerous job opportunities. [redacted]

25X1

We believe Australia risks seeing one or more of these projects permanently canceled during the next year because of concerns about the government's new uranium policy. According to the US Embassy, the persistent political problems could drive off foreign mining companies whose capital and marketing skills are essential. Even though the Hawke government is expected to announce the new uranium policy later this year, we believe uncertainties about new uranium mining activities will persist until the new policy is addressed at the Labor Party's next national conference, scheduled for mid-1984. [redacted]

25X1

Secret

Secret

2
3
4

5
6
7

Secret